

Kentucky Agricultural Development Board

Minutes of the February Board Meeting

The regular meeting of the Kentucky Agricultural Development Board was held on **Friday, February 20** at 1:00 p.m., at the KY History Center's Brown-Forman Room. Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

Members Present

Vickie Yates Brown, Daniel Case, Larry Clay, Commissioner Richie Farmer, Susan Harkins, Wayne Hunt, Sam Lawson, Sam Moore, Willa H. Poynter, Eddie Sellers, Dean M. Scott Smith, Sidney Stewart, and Smith Mitchell designee for Secretary Gene Strong

Members Absent

Governor Ernie Fletcher, Michael Slaughter

Others Present

Staff - David Bratcher, Laurie Dudgeon, Sandra Gardner, Bill Hearn, Kara Keeton, Maggie May, Bill McCloskey, Joel Neaveill, Brad Nelson, Keith Rogers, Brad Wellons, Stephen Yates **Guests** – Sharon Burton, The Farmer's Pride; Dr. Jimmy Henning, UK College of Agriculture; Lowell Atchley, Legislative Research Commission (LRC); Michael Fitzgerald, KY Beef Network (KBN); Tom Flowers, Shelby County Agricultural Development Council; Brittany Edelson, Shelby County Cooperative Extension; Dr. Jack Kimbrough, KY Cattleman's Association; David Neville, Shelby County Producer; Larry Jeffries, Henry County - KFGC

Notification of Media

Commissioner Farmer received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board meeting.

Welcome

Commissioner Farmer welcomed everyone to the Board meeting.

Approval of Minutes

The minutes of the January 16, 2004 meeting were approved as presented.

Executive Director's Report

Commissioner Farmer yielded the floor to Keith L. Rogers, for the Executive Director, for his report.

Mr. Rogers announced that Kentucky Cattlemen's Association Beef Network is holding its first sale with animal ID today in Springfield.

Mr. Rogers noted that Larry Snell, Kentucky Center for Cooperative Development (KCCD), was at a meeting in Monticello and was unable to be present today.

Mr. Rogers noted that the Tobacco Settlement Agreement Oversight Committee will not be meeting until after the General Assembly adjourns April 13.

Mr. Rogers reviewed SB146, regarding the KY Agricultural Finance Corporation (KAFC). Mr. Rogers noted that the bill has passed the Senate and has moved on to the House. Mr. Rogers reviewed specific details of the bill.

The bill proposes that KAFC be moved from the Department of Agriculture (KDA) to the Office of the Governor, and thus will be administered by the Governor's Office of Agricultural Policy.

It is proposed that the LINK deposit program be moved from KDA to KAFC.

The bill proposes that a cap of \$250,000 be allowed for the Young Farmer Program.

Suggested changes to the Board of Directors are that 1) the Commissioner of Agriculture becomes the Chairperson, 2) the Secretary of Finance becomes a voting member, and 3) the word "may" becomes "shall" when referring to selection of farmer members.

Mr. Bratcher pointed out that if the bill passes the house and is signed by the Governor, then the provisions will become effective 90 days after the General Assembly adjourns.

Mr. Rogers pointed out that the report from the Center for Information Technology Enterprise (CITE) regarding the Rural e-Learning Agriculture Program (REAP) had been distributed. *[A copy of the report is on file with the Board Secretary.]* CITE has requested to do a presentation before the Board.

Mr. Rogers pointed out the update memo regarding the KY Beef Network (KBN), which was included in the Board mailing.

Mr. Rogers pointed out the flyer for the Young Farmer Loan Program through KAFC.

Referral of August Projects¹

Commissioner Farmer presented projects A2004-0005 through A2004-0033 for referral to the Board's Project Review Committees. Danny Case moved that projects A2004-0005 through A2004-0033 be referred the Board's Project Review Committees; Willa H. Poynter seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Mr. Rogers submitted projects A2003-0441, A2003-0001, A2003-0006, and A2003-0008 as projects meeting the model **Agricultural Diversification Program** guidelines.

Mr. Rogers submitted project A2003-0011 as a project meeting the model **Fencing Improvement Program** guidelines.

Mr. Rogers submitted projects A2003-0659, A2004-0002, A2004-0017, and A2004-0020 as projects meeting the model **Forage Improvement & Utilization Program** guidelines.

Mr. Rogers submitted projects A2003-0658, A2003-0679, A2004-0016, and A2004-0019 as projects meeting the model **Genetics Improvement Program** guidelines.

Mr. Rogers submitted project A2004-0021 as a project meeting the model **Goat Diversification Program** guidelines.

Mr. Rogers submitted projects A2003-0645 and A2004-0007 as projects meeting the model **Cattle Handling Facilities Program** guidelines.

Mr. Rogers submitted projects A2004-0005 and A2004-0018 as projects meeting the model **Hay, Straw & Commodity Storage Program** guidelines.

Mr. Rogers submitted projects A2004-0012 as a project meeting the model **On-farm Water Enhancement Program** guidelines.

Wayne Hunt moved the said applications be approved for the named model programs; Larry Clay seconded the motion. The motion passed without dissent.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

Review of Amendments

Commissioner Farmer presented the following amendment for approval.

A2003-0649, Adair County Cattlemen's Association, was approved for \$50,000.00 on January 16, 2004. A decrease of \$7,613.00 is requested for the Fencing Improvement Program. This decrease is requested due to the balance of county funds that are available. Approval of this request brings the Project Funds to \$42,387.00

A2001-0295, Green River Feeder Calf Association, Inc. (Taylor Co.), was approved for \$13,504.60 on May 18, 2001. The applicant requests a decrease of \$1,251.09 to the Taylor County Genetics Improvement Program. These funds are to be reallocated to the County's account. Approval of this request brings the Project Funds to \$12,253.51.

A2003-0043, Madison County Conservation District, was approved for \$141,750.00 on May 16, 2003. The applicant requests a decrease of \$32,601 from the Forage Improvement Program. These funds are to be reallocated to the On-Farm Water Enhancement Program [A2004-0012]. Approval of this request brings the Project Funds to \$109,149.00.

A2003-0103, Meade County Cattleman's Association, was approved for \$17,943.00 on May 16, 2003. The applicant requests a decrease of \$2,835.81 from the Genetics Improvement Program. These funds are to be reallocated to the Cattle Handling Program [A2003-0113]. Approval of this request brings the Project Funds to \$15,107.19.

A2003-0113, Meade County Cattleman's Association, was approved for \$17,943.00 on May 16, 2003. The applicant requests an increase of \$2,835.81 to the Cattle Handling Program. These funds are to be reallocated from the Cattle Genetics Program [A2003-0103]. Approval of this request brings the Project Funds to \$20,778.81.

Sidney Stewart that said amendments be approved; Eddie Sellers seconded the motion. The motion passed without dissent.

Purchase Area Aquaculture Cooperative (PAAC) Amendment: Mr. Bratcher reviewed the request from PAAC and the recommendation from the Red Committee. The requests are adjustments to their project budget. The request is to reallocate \$58,788 from Line Item 19, Delivery Truck as follows: cost over run of construction of cooler/freezer [\$25,788], purchase of remaining lease on delivery truck with a cooler/freezer box [\$22,000], and enlarge the existing storage vats for holding live fish for processing [\$11,000].

Sam Moore moved to approve the requested budget amendments; Mr. Case seconded the motion. The motion passed without dissent.

Community Ventures Amendment: Commissioner Farmer yielded the floor to Mr. Bratcher to cover the Community Ventures Amendment. Mr. Bratcher provided background about the project and reviewed the request for modification of their agreement. Because of delays in federal funding, they request that the agreement term be extended through December 31, 2006. Sam Lawson moved to approve the requested agreement amendment; Mr. Clay seconded the motion. The motion passed without dissent.

Commissioner Farmer noted that **Cumberland Farm Products (A2003-0603)** withdrew their application for a feasibility study.

Committee Reports

Blue Project Review Committee

Vickie Yates Brown reported for the Blue Project Review Committee (PRC). Ms. Brown noted that the Blue PRC is presenting four (4) projects for funding consideration.

Ms. Brown presented **A2003-0312**. The application received a high priority from Grayson County. The applicant, **Jack Durbin and Byron Embry**, requested \$8,000 of Grayson County Agricultural Development Funds to cost share on the purchase of an inline bale wrapper. The inline bale wrapper will be made available to Grayson County farmers at a rental basis. Ms. Brown noted that the local Conservation District was not interested in owning and administering this shared-use equipment program; these gentlemen agreed to take on this program.

Ms. Brown moved that A2003-0312 be approved for \$8,000 of Grayson County Agricultural Development Funds; Mr. Sellers seconded the motion. The motion passed without dissent.

Ms. Brown presented **A2003-0670**. The application received a high priority from Pulaski County. The Pulaski County Horticulture Association, Inc. and the **South-Eastern Kentucky Agriculture Development Association, Inc. (SKAD)** requested \$7,000 in Pulaski County funds to administer a Fruit Program, similar to the Commercial Fruit Production section of the Agricultural Diversification Model Program. The Pulaski County Fruit Program will be offered on a first-come, first-serve basis and will allow 50% cost-share to both new and experienced fruit farmers on expenses association with fruit production.

The Starter Package will be offered to farmers who are just beginning commercial fruit production. Items eligible for cost-share under the Starter Package will include: water meter installation, plants, trellis materials, quadris and irrigation equipment. The Expansion Package will be offered to farmers who have begun commercial fruit production and wish to expand their operation. Items eligible for cost-share under the Expansion Package will include: water meter installation, plants or seed, irrigation equipment, high pressure spray equipment, coolers, harvest bins and marketing materials. Recipients under both packages will be eligible for 50% cost-share reimbursement for admission to certain fruit production conferences, as well as group tours to fruit farming operations.

Approximately 15-20 farmer families will directly benefit from this project.

Ms. Brown moved that A2003-0670 be approved for \$7,000 in Pulaski County Funds; Mr. Stewart seconded the motion. The motion passed without dissent.

Ms. Brown presented **A2003-0671**. The application received a high priority from Pulaski County. The Pulaski County Horticulture Association, Inc. and the **South-Eastern Kentucky Agriculture Development Association, Inc. (SKAD)** requested \$7,000 in Pulaski County funds to administer a Vegetable Program, similar to the Commercial Vegetable Production section of the Agricultural Diversification Model Program. The Pulaski County Vegetable Program will be offered on a first-come, first-serve basis and allow 50% reimbursement to farmers both new and experienced Vegetable farmers. The Vegetable Program will offer a Starter Package and an Expansion Package.

The Starter Package will be offered to farmers who are just beginning commercial vegetable production. Items eligible for cost-share under the Starter Package will include: plastic mulch and drip tape, plants or seed, stakes and twine, irrigation equipment, quadris and rental of hives. The Expansion Package will be offered to farmers who have begun commercial vegetable production and wish to expand their operation. Items eligible for cost-share under the Expansion Package will include: mulch layers, water wheel setters, mulch lifters, multi-row seed planters, high pressure sprayers, specialized shielded herbicide sprayers, reusable plastic container rental, harvest bins, coolers, on-farm retail marketing enhancements and rental of hives. Recipients under both packages will be eligible for 50% cost-share reimbursement vegetable production conferences, as well as group tours to vegetable farming operations.

Approximately 13 to 20 farmers will directly benefit from this project.

Ms. Brown moved that A2003-0671 be approved for \$7,000 in Pulaski County funds; Mr. Case seconded the motion. The motion passed without dissent.

Ms. Brown presented **A2003-0672**. The application received a high priority from Grayson County. The applicant, the **Grayson County Conservation District**, requested \$100,000 in Grayson County Agricultural Development Funds to implement a Lime Cost Share Program to improve productivity of established farmland. This program will encourage producers to balance their soil pH with the proper lime application which will improve the efficiency and effectiveness of herbicides and fertilizer applications translating into higher crop yields and an increase in net farm income. Ms. Brown reviewed the proposed terms and conditions for the project.

Ms. Brown moved that A2003-0672 be approved for \$100,000 of Grayson County Agricultural Development Funds; Mr. Stewart seconded the motion. The motion passed without dissent.

Red Project Review Committee

Sam Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting one (1) project for funding consideration.

Mr. Lawson presented **A2003-0177**. The application received a high priority from Owsley County. The applicant, **Eastern KY Goat Producers Association**, requests \$900 to purchase a trailer for the shared-use goat handling equipment program for Owsley County goat producers. The trailer will be leased at a cost of \$25 per day, which will pay maintenance and other fees. It is anticipated that the trailer will be used approximately 40 times per year over the lifetime of the trailer and benefit over 75 producers.

Mr. Lawson moved that A2003-0177 be approved for \$900 in Owsley County funds; Dean Smith seconded the motion. The motion passed without dissent.

Recommendations for No-Funding³

Mr. Lawson presented projects **A2002-0182** and **A2003-0378**, as projects recommended for no-funding by the Red Project Review Committee. Mr. Lawson moved that no funding be awarded to same; Mr. Hunt seconded the motion. The motion passed without dissent.

Mr. Lawson pointed out that **A2004-0004** was pulled from the agenda and **pending** in Committee.

Old Business

Commissioner Farmer moved that the Board adjourn into closed session pursuant to KRS 61.810(c) to discuss "proposed litigation." Danny Case seconded the motion. The motion passed without dissent.

[Closed Session]

New Business

Commissioner Farmer updated the Board on the status of the Purchase of Agriculture Conservation Easements (PACE) Program. Commissioner Farmer noted that the program is running out of funds. Commissioner Farmer outlined the accomplishments of the program. Commissioner Farmer also noted that the PACE Board has received 656 applications for 122,000 acres. He noted that the Board has the opportunity to pull down \$2.3 million of Federal money, but will need match for those funds. Commissioner Farmer asked that the Board discuss the issue of farmland preservation and related issues surrounding this topic.

³ Detailed list of projects for a no-funding recommendation listed in Appendix C.

Mr. Rogers noted that the PACE Board was unaware of the application timeline. The issue at hand is that once federal funds are awarded, then matching funds must be secured within 60-days.

Commissioner Farmer provided additional comments about farmland preservation, urban sprawl, and the controversial nature of the issue. Commissioner Farmer noted that he is concerned that committing money to this issue could jeopardize other projects/issues.

Mr. Lawson commented on his concerns with the program, especially regarding spotted effect of the program.

Mr. Rogers noted that the Board currently has roughly \$7 million available (unencumbered), and the amount available in April minus any statutory commitments is about \$11.2 million.

Mr. Rogers pointed out that the Board will need to budget better with grants in the future, possibly setting priorities to follow.

Mr. Hunt agreed with Mr. Lawson's point that preservation of farmland is a good idea, but how do you do the preservation effectively. Mr. Hunt suggested studying the effects of what has been done before putting anymore money into it.

Mr. Sellers commented that if you preserve farmland, then you preserve farmers.

Mr. Hunt provided examples of other ways to preserve farmland.

Ms. Harkins commented on the conversation in the Red Project Review Committee's morning meeting. Ms. Harkins noted that philosophically we [the members] disagree on how to preserve farmland.

Ms. Brown asked about the \$10 million previously funded. Mr. Rogers noted that is was by a bond issue with Agricultural Development Funds (\$4.3 million each year taken off of the top of the state funds for the \$25 million farmland preservation bond issue). Mr. Rogers reviewed the items budgeted from the state portion of the Agricultural Development Fund by the General Assembly.

Ms. Brown wonders what is happening with the General Assembly regarding this issue, which could affect the Board's decision. Mr. Rogers affirmed that currently there is nothing before the General Assembly regarding funding for PACE.

Ms. Brown clarified that the PACE Board is asking for the Board to provide the match for the Federal funds.

Mr. Rogers noted that they have asked to make a formal presentation in March, but nothing definitive has been set, as the Request for Proposal (RFP) date for federal funding has not yet been determined.

Mr. Moore noted that the Board has to set priorities with what we have to spend. Mr. Moore noted that there are other priorities, requiring funding before the PACE Program.

Ms. Harkins commented that we [the Board] need to set a more focused vision on where we are going from here, and at this point cannot say that farmland preservation is not a part of that vision.

Dean Smith noted that he is a supporter of PACE and PDR [Fayette Co. Purchase of Development Rights]. Dean Smith noted that, given the amount of backlog with the PACE proposals and with the limited funds we have, providing funds for this may not really help. Dean Smith pointed out that there needs to be serious discussion on how to preserve farmland.

Mr. Hunt noted that we are already putting \$4.3 million in farmland preservation every year.

Ms. Brown noted that it might be good to know what kind of projects are in the pipeline for state funds; having this information will help with budgeting, and prioritizing.

Mr. Rogers pointed out that it is difficult to know what is in the pipeline, as far as any projects planning to apply for state funds. Mr. Neaveill noted that a couple of months ago the current state funds requests totaled about \$20 million.

Mr. Rogers noted that if they consider the recommendation made a few months ago regarding regional farmers' markets, then \$8 – 10 million would be used.

Ms. Brown asked about the \$13 million that was committed to marketing. Mr. Neaveill noted that as projects fit into the marketing area, those committed funds were utilized. Mr. Rogers reiterated that there is a total of \$7 million cash available.

Ms. Poynter pointed out the intent of HB611 was to affect limited resource farmers and wondered if the farmland preservation programs were helping those type people.

Mr. Rogers noted that there was no expectation of any kind of motion at this time, just discussion of the issue.

Commissioner Farmer moved on to the next agenda item, Model Program Guideline Revisions.

MODEL PROGRAM GUIDELINE REVISIONS

Mr. Lawson provided overview and general background for the discussion of model program revisions. Mr. Lawson pointed out the reduced match language had been added to each of the model programs at the option of the County Council.

Mr. Bratcher pointed out the programs that the Red Project Review Committee reviewed.

Mr. Bratcher noted that significant discussion occurred for **Cattle Genetics**. Mr. Bratcher noted one change to the revisions as they were presented to the board last month. The Committee suggested adding "one bull per year with a maximum of four bulls per year retroactive to 2001 for the lifetime of the program" on page 2 item #6.

Mr. Bratcher commented on the Committee's discussion of evaluating the cattle programs (genetics, handling, forage) to see where Kentucky has gone with these programs. This would entail a third party evaluator looking at the three year history with recommendations from this 3rd party evaluator, as far as what KY should do to kick the programs up a notch.

Commissioner Farmer noted that everyone on Committee agreed that what has been done, so far with the program, has been great, but it is time to move to the next level.

Mr. Bratcher noted that on page 4 there is an additional place to reflect the maximum of four (4) bulls.

Mr. Bratcher pointed out that the recommendation to end the program on June 30, 2004 was eliminated with the maximum per producer taking its place. The hope with setting this retroactive lifetime maximum and not ending the program is to continue to affect more farmers who may not have already benefited from the program.

Mr. Lawson noted that this was the time for this type of discussion to look at the next level.

Mr. Lawson moved that the revisions as presented for Cattle Genetics with the above amendments be approved, and that staff pull together a recommendation for funding analysis, as well as a recommendation for future model program(s); Mr. Stewart seconded the motion. The motion passed without dissent.

Mr. Bratcher presented the changes to the **Cattle Handling** program. Mr. Bratcher reviewed the recommendation to remove the limits on each area, and maintain the overall maximum for the entire program, which will allow a producer to apply the maximum to the areas they need.

Mr. Sellers confirmed that this can be done on an annual basis. Mr. Bratcher affirmed this. Mr. Bratcher noted that there are programs with one time only ceilings, but with this program this is an annual program.

Mr. Rogers pointed out that Mr. Sellers and the Blue Committee did have discussion on this issue.

Mr. Sellers shared the suggestion from the Blue Committee that producers be allowed a three time visit maximum to each program (except genetics) might simplify the entire process. Mr. Sellers noted that this may limit some programs, but expand others.

Mr. Bratcher asked for clarification that the most that a producer can get in the cattle handling program is \$15,000, and if so, will that cover the individuals' needs. Mr. Rogers clarified that this meant only three applications approved for that producer.

Mr. Bratcher wondered if the limit should be a dollar amount, as opposed to a number limit. Ms. Brown said either the limit on number of times funded or the dollar limit. She pointed out that the intent was to allow producers to improve herd health, so we would not want to prohibit someone with limited resources from doing things down the road.

Mr. Rogers pointed out that there are two sides to the issue because of how counties handle their caps.

Ms. Harkins suggested setting a \$15,000.00 cap.

Main Motion: Mr. Sellers moved that all model programs be equalized to a \$15,000.00 lifetime maximum, except Genetics; Mr. Stewart seconded the motion.

Ms. Brown began discussion of tying together the individual producer and farm serial number.

Mr. Hunt suggested including language that says one farm operation, as some combination of Farm Serial Number, entities, individuals, etc.

First Amendment: Ms. Harkins moved to amend the main motion to exclude the Agricultural Diversification Program; Mr. Clay seconded the motion.

Ms. Harkins and Mr. Case discussed the variety of categories in the program and the possibility of setting limits by category.

Mr. Bratcher commented on the tie in with agritourism and the Agricultural Diversification Program.

Mr. Case called the question.

Mr. Jennings noted that the question had been called and called for a vote. The amendment to the main motion passed without dissent.

Main motion as amended: "...that all model programs be equalized to a \$15,000.00 lifetime maximum, except Genetics **and Agricultural Diversification...**"

Mr. Sellers clarified that the motion is retroactive.

Mr. Moore began a discussion of a producer applying for funds in a county where the farm located, as opposed to where the residence is.

Mr. Bratcher noted that the Red Committee this morning discussed where the farm is located, not where the residence is located.

Mr. Bratcher asked if an individual had a farm in two counties could they apply in two places. Mr. Moore stated they should apply in the county in which they live or where the project will be. Mr. Stewart stated that they should apply in the county where the farm is located, regardless of residency.

Ms. Harkins suggested considering evidence of where the property tax is paid.

Mr. Bratcher and Mr. Lawson pointed out that this might not be the place for such an amendment regarding the residency/farm location issue, but rather a stand alone motion.

Mr. Bratcher clarified \$15,000 per producer and per FSN. He wanted to make sure that it is not just the FSN, but also the producer.

Mr. Rogers noted that original motion did not contain FSN.

Ms. Brown shared discussion of Blue Committee, regarding maximum on person or producer, but we are currently looking at this by Farm Number.

Mr. Lawson suggested telling County Councils what we [the Board] want, and let them decide how to define it.

Ms. Brown pointed out that currently only doing on the FSN. This must be tightened up.

It was noted that the motion state "per producer."

Mr. Case commented about tying FSN and SSN together.

Ms. Brown discussed limiting funds to each person, entity, etc. Ms. Brown noted that if we [the Board] don't set the guideline then we [the Board] could be severely criticized.

Mr. Bratcher noted the difficulty of obtaining social security numbers through reporting. The program administrator must obtain the SSN, and thus let the program administrator make the call, regarding producer.

Mr. Lawson asked about the problem with obtaining Social Security Numbers. He noted that since we are giving them money, we should be able to require those numbers be divulged.

Ms. Brown and Laurie Dudgeon, staff legal counsel, addressed the laws surrounding ability to obtain Social Security Numbers. It was determined that the Board should be able to obtain those numbers, but is not allowed to disclose those numbers.

Ms. Brown suggested putting a producer authorization for Social Security Number (SSN) /Tax Identification Number (TIN) in the application to send us this number.

Mr. Bratcher noted that having the producer sign something may help, because there has been some resistance on the part of some administrators to release this information.

Mr. Lawson noted that if they do not release the SSN/TIN, then they should not receive any money.

Mr. Bratcher verified that the Board wishes to define producer and to make the project administrators send SSNs, and if they will not submit them, then they do not get money.

Second Amendment: Mr. Case moved to amend limited to per producer as identified by the TIN or SSN number with FSN, both of which must be supplied to the Board; Mr. Sellers seconded the motion.

Ms. Brown noted that there needs to be a statement to the Administrator/Council stating why we are requesting this information.

The motion passed without dissent.

Main motion as amended twice: "...that all model programs be equalized to a \$15,000.00 lifetime **maximum per producer as defined by the TIN or SSN number with FSN, both of which must be supplied to the Board**, except Genetics and Agricultural Diversification, retroactive to the beginning of each program..."

The motion passes without dissent.

Mr. Bratcher clarified that the farming operation will be defined as where farm located, not residency.

Main Motion: Mr. Moore moved that producers apply in county in which they reside, but can apply those programs to any farm they own in any county; Mr. Stewart seconded the motion.

Mr. Case pointed out the problems with constructing a building in another county different from where the money was received.

Ms. Harkins inquired as to how frequent of an issue this is. Mr. Bratcher noted that it is a significant issue.

Mr. Jennings clarified that if a producer farms in multiple counties, then they can only apply in one county.

Mr. Moore pointed out that it does not matter where the Board decides the application should be made, but the Board needs to make a policy.

Mr. Rogers noted that it is still possible for the producer's application to be turned down, especially if it is known that the producer will be using the money in another county. Mr. Rogers was not sure that the motion as stated would solve the issue at hand.

Mr. Stewart reiterated that the Blue Committee discussed having the producer apply where the farm is located, because that is where the improvements will be going.

Mr. Rogers noted that maybe what needs to be discussed is “eligibility. “ Mr. Rogers suggested stating that a producer is eligible to make application in a county where the producer owns a farm and has an FSN number.

Mr. Bratcher drew the Board’s attention to the fact that the way Agricultural Development Funds are divided, and that the county where the farm is located benefited from that farm’s tobacco base.

First Amendment: Mr. Hunt moves to amend original motion to eligible to apply in county where the producer owns a farm and has an FSN number; Mr. Case seconded the motion.

Mr. Jennings asked if this allows the producer to still get \$15,000 in each county. It was indicated that this had been handled.

Mr. Sellers asked if farming in Woodford and Fayette I can apply in both. Some members indicated that he could.

Mr. Lawson asked if that means he now has a \$30,000 maximum.

It was indicated that this should not be the case. There was discussion that the producer would need to choose either where the farm is or where resides.

Mr. Moore **withdrew** his motion.

Main Motion: Mr. Case moved that the individual/entity can apply in the county where their farm operation is located; Mr. Stewart seconded

Mr. Rogers noted that this may be in a step in the right direction, but this language will still not make the Council/Administrator accept the application.

Mr. Rogers suggested stating that “County Councils should entertain applications from any producer in operating a farm within that county with an FSN, regardless of residency.”

Mr. Jennings asked about applying for the same project in another county. Mr. Jennings suggested adding “unless a producer has applied in another county.”

Mr. Case **withdrew** his original motion and replaces it with the one below.

Main Motion: Mr. Case moved that the producer may apply in the county where the producer owns a farm and has an FSN number, regardless of residency, **providing that a producer has not applied in another county for that program;** Stewart seconded

Discussion occurred, regarding making sure that the administrator accept the application, not just that the producer can apply, provided that funds are available.

Mr. Bratcher asked if the Board was comfortable with the staff wordsmithing the beginning language, regarding the administrator.

Mr. Bratcher clarified that this would eliminate the “triple dip.”

The motion passed without dissent.

Mr. Bratcher brought the discussion back to the proposed changes to the **Cattle Handling Facilities Program** Guidelines.

Mr. Case moved to accept the revisions to the Cattle Handling Facilities Program; Ms. Harkins seconded the motion.

The motion passed without dissent.

Mr. Bratcher presented the specific changes to the **Agricultural Diversification Program**. Mr. Bratcher noted that the Red Committee did not change anything that was recommended by staff.

Mr. Hunt moved to accept the revisions to the Agricultural Diversification Program; Mr. Stewart seconded the motion.

The motion passed without dissent.

Mr. Bratcher presented the specific changes to the **Goat Diversification Program**. Mr. Bratcher noted that a suggested definition for Breeding Soundness Exam was distributed today.

Ms. Harkins moved to accept the revisions to the **Goat Diversification Program**; Mr. Clay seconded the motion.

The motion passed without dissent.

Joel Neaveill presented for the Blue Committee. Mr. Neaveill began with changes to the **General Guidelines** (formally referred to as **III. Application Procedures and Guidelines** in each program).

Mr. Neaveill noted that the committee agreed with the recommendations with the following exceptions.

To section **A. Guidelines for Local Agency Application for Program Administration** the following were changed:

#3 – “The fiscal agent for the program shall be bonded **at a level sufficient to cover the amount of the funds being administered.**

#6 – Counties shall put a cap on the maximum cost share per **producer** [identified by **social security number** and farm serial number]...

#7 – add **(f.) Program compliance activities**

#8 – **“The program administrator shall ensure that commingling of Agricultural Development Funds does not occur.** Therefore, the program’s funds shall reside in a unique and separate bank account from any other account...”

Add the following: “The program administrator shall identify two co-signers indicating who they are and their position within the organization.”

To section **B. Guidelines for Local Agency Administration and Producer Application** the following were changed:

#3 – The required advertisement must, **at the very least**, be prominently...

#8 – additional language should include: **“The evaluation criteria shall be clearly stated in the producer application.”**

#15 - ...may choose to include **eligible model** cost-share **program** expenses for reimbursement...”

#17 – ...will be for a **term** of 12 months from the date of the **execution of the agreement.** **There will be no renewals or extensions of this agreement.”**

#18 – change “timeline” to **“term”**

#19 – change to “Any and all interest earned on funds for this program shall be applied to the program. Any remaining funds, including interest income, shall be returned to the Agricultural Development Board for redeposit into the county’s account at the end of the term of the agreement.”

#20 – add explanation of reconciliation report and length of time administrators shall keep records for the program.

For the **Hay, Straw, & Commodity Storage, On-farm Water Improvement, and Livestock Fencing Improvement Programs** the Committee agrees with the recommendations presented by staff.

For the **Forage Improvement & Utilization Program** the Committee chose to retain the provision for lime, and organic/inorganic fertilizer, as well as the provision for filter fabric pads for heavy use areas (which will also be in Hay, Straw & Commodity Storage).

Mr. Case moved approval of the guideline amendments as presented by the Blue Committee; Mr. Moore seconded the motion.

The motion passed without dissent.

Mr. Rogers clarified that these revisions become effective today, based on staff working out language, or does the Board want to review and approve the final product. The Board indicated that they did not need to approve the final product.

Mr. Bratcher pointed out that the model programs approved earlier in the meeting fall under the prior guidelines, as agreements were already out on most.

Closing Remarks

Mr. Rogers noted that the Governor was unable to be with the Board today because he was flying out to the National Governor's Association meeting.

Mr. Bratcher reminded the members that they have application packets to pick up as they leave the meeting.

Sandra Gardner noted that both the guideline revisions made today and the new reporting forms for model programs will be mailed on diskettes to all program administrators, so that all have the new revisions in hand.

The next meeting of the Kentucky Agricultural Development Board will convene at 1:00 p.m. on Friday, March 19, 2004 at Kentucky History Center Brown-Forman Room. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 4:15 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

APPENDIX A: New Applications for Referral

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2004-0005	Cumberland Gap Goat Producers Association for Knox County Beef Cattle Association	Hay, Straw and Commodity Storage
A2004-0006	Cumberland Gap Goat Producers Association	Agricultural Diversification
A2004-0007	Cumberland Gap Goat Producers Association for Knox County Beef Association	Handling Facilities Cost Share
A2004-0008	Warren County Farm Bureau of Warren County, Kentucky	Agricultural Diversification
A2004-0009	Cumberland Gap Goat Producers Association	Project
A2004-0010	Southern Kentucky Regional Farmers' Market, Inc.	Project
A2004-0011	Rowan County Fiscal Court	Fencing Improvement
A2004-0012	Madison County Conservation District	On-farm Water Enhancement
A2004-0013	Washington County Cattlemen's Association	Project
A2004-0014	Washington County Meat Goat Association	Goat Diversification
A2004-0015	Washington County Cattlemen Association	Project
A2004-0016	Garrad County Farm Bureau	Genetics Improvement
A2004-0017	Mercer County Conservation District	Forage Improvement
A2004-0018	South-Eastern Kentucky Agriculture Development Association, Inc. and Clinton-Cumberland Cattlemen's Association, Inc.	Hay, Straw and Commodity Storage
A2004-0019	Mason County Livestock Improvement Association	Genetics Improvement
A2004-0020	Garrard County Conservation District	Forage Improvement
A2004-0021	Fort Harrod Goat Association - Boyle County Group	Goat Diversification
A2004-0022	Smallwood/Crawford Fall Festival	Project
A2004-0023	Caldwell County Farm Bureau	Fencing Improvement
A2004-0024	DUPLICATE	Fencing Improvement
A2004-0025	Caldwell-Lyon Cattlemen's Association	Genetics Improvement
A2004-0026	DUPLICATE	Genetics Improvement
A2004-0027	Belcan Partners, LLC	Project
A2004-0028	Green County Cattlemen's Association	Fencing Improvement
A2004-0029	Mason County Agricultural Advancement Council	Hay, Straw and Commodity Storage

APPENDIX A: New Applications for Referral

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2004-0030	Mason County Agricultural Diversification Council	Agricultural Diversification
A2004-0031	Union County Biodiesel Company, LLC	Project
A2004-0032	Vera Aircraft & Pest Control	Project
A2004-0033	Vera Aircraft & Pest Control	Project

APPENIDIX B: *Model Program Lists*

Agricultural Diversification

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-0001	Boone county Farmers Market Association	Boone	\$31,000.00
A2004-0006	Cumberland Gap Goat Producers Association	Knox	\$14,000.00
A2003-0441	Franklin-Simpson Chamber of Commerce	Simpson	\$50,000.00
A2004-0008	Warren County Farm Bureau of Warren County, Kentucky	Warren	\$40,000.00
		Sub Total	\$135,000.00

Fencing Improvement

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-001	Rowan County Fiscal Court	Rowan	\$46,026.69
		Sub Total	\$46,026.69

Forage Improvement

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-0020	Garrard County Conservation District	Garrard	\$21,000.00
A2004-0017	Mercer County Conservation District	Mercer	\$105,000.00
A2003-0659	Shelby County Cattlemen, Inc.	Shelby	\$46,000.00
A2004-0002	Whitley County Forage	Whitley	\$30,000.00
		Sub Total	\$202,000.00

Genetics Improvement

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-0016	Garrard County Farm Bureau	Garrard	\$26,250.00
A2003-0679	Grayson County Cattlemen's Association	Grayson	\$25,000.00
A2004-0019	Mason County Livestock Improvement	Mason	\$50,000.00

APPENIDIX B: *Model Program Lists**Association*

A2003-0658	Shelby County Cattlemen, Inc.	Shelby	\$25,500.00
Sub Total			\$126,750.00

Goat Diversification

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-0021	Fort Harrod Goat Association – Boyle County Group	Boyle	\$20,000.00
Sub Total			\$20,000.00

Handling Facilities Cost Share

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-0007	Cumberland Gap Goat Producers Association	Knox	\$35,000.00
A2003-0645	Whitley County Cattlemen's Association	Whitley	\$10,000.00
Sub Total			\$45,000.00

Hay, Straw, and Commodity Storage

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-0018	Southern Kentucky Ag. Development Foundation	Clinton	\$40,000.00
A2004-0005	Cumberland Gap Goat Producers Association	Knox	\$35,000.00
Sub Total			\$75,000.00

On-Farm Water Enhancement

<i>App #</i>	Fiscal Agent	County	Funds Approved
A2004-0012	Madison County Conservation District	Madison	\$32,601.00
Sub Total			\$32,601.00

APPENIDIX C: *Recommendations for No Funding*

<i>App #</i>	<i>Applicant</i>	<i>County</i>
A2002-0182	Bernheim	Bullitt
A2003-0378	Spencer County Public Schools	Spencer